

Message Text

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NEA/ARP - MR. BUCK

NEA/ARN - MR. WARD

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R 102329Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY MANAMA

AMEMBASSY KUWAIT

INFO AMEMBASSY MUSCAT

AMEMBASSY JIDDA

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

USINT DAMASCUS

C O N F I D E N T I A L STATE 073297

KUWAIT ALSO PASS INFO DOHA

E.O. 11652: GDS

TAGS: BTRA, EFIN, XF

SUBJECT: TRAVEL TO ME OF US BUSINESSMAN JACOB SALIBA

FOR AMBASSADOR FROM DAVIES

1. SUMMARY: MR. JACOB SALIBA, PRES OF KATY INDUSTRIES, INC., CALLED ON ACTING ASST SECY DAVIES APRIL 9 TO DISCUSS POSSIBLE JOINT VENTURE BETWEEN KUWAITI AND AMERICAN BUSINESSMEN FOR INVESTMENTS IN U.S. AND MIDDLE EAST. SALIBA PLANS TRAVEL TO BEIRUT, KUWAIT, ABU DHABI, BAHRAIN AND POSSIBLY SAUDI ARABIA AND QATAR DURING PERIOD APRIL 16 TO MAY 5. SALIBA PLANS CALL ON AMBASSADORS OR DEPUTIES AT
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THESE POSTS FOR ADVICE ON BUSINESS OUTLOOK. REQUEST POSTS

EXTEND APPROPRIATE ASSISTANCE. END SUMMARY.

2. MR. JACOB SALIBA, PRESIDENT OF KATY INDUSTRIES, INC., CALLED ON ACTING ASST SECY DAVIES APRIL 9 TO DISCUSS PLANS TO ESTABLISH JOINT AMERICAN/KUWAITI VENTURE FOR INVESTMENTS IN U.S. AND MIDDLE EAST. SALIBA SAID JOINT VENTURE WAS PROPOSAL OF KUWAITI AMBASSADOR IN WASHINGTON AND INVOLVES KUWAITI FINANCIAL INTERESTS CONNECTED WITH GULF FISHERIES. PRESENT THINKING IS FOR GROUP OF ABOUT 15 PROMINENT AMERICAN BUSINESSMEN OF ARAB ANCESTRY TO INITIALLY PROVIDE 20 PERCENT OF FINANCING FOR JOINT VENTURE INVESTMENTS IN U.S. AND/OR M.E. SALIBA EXPRESSED BELIEF KUWAITIS WANT TO ESTABLISH TRUSTED GROUP OF AMERICANS WHO

CAN SERVE AS "WATCHDOG" FOR ARAB BUSINESS AND REAL ESTATE INVESTMENTS IN U.S. HE NOTED LOSSES ARABS HAVE EXPERIENCED DUE TO FOREIGN CURRENCY FLUCTUATIONS AS EXAMPLE OF NEED FOR LOCAL PEOPLE TO FOLLOW INVESTMENTS WHEREVER MADE. SALIBA SAID HE WANTS PUT TOGETHER GROUP OF ABLE AMERICANS WITH SOUND BACKGROUND IN BUSINESS AND COMMERCE WHO CAN CONTRIBUTE TO SUCCESS OF JOINT INVESTMENTS. WHILE AMERICANS ARE EXPECTED MAKE SOME INITIAL INVESTMENT IN PROPOSED JOINT VENTURE, SALIBA ACKNOWLEDGED THEY CANNOT BE EXPECTED TO MATCH ARAB COUNTERPARTS ONCE VENTURE UNDERWAY.

3. SALIBA PLANS ARRIVE BEIRUT APRIL 16 AND STAY AT PHOENICIA HOTEL. HE WILL MAKE SERIES OF SHORT TRIPS FROM BEIRUT TO KUWAIT, ABU DHABI, BAHRAIN AND POSSIBLY SAUDI ARABIA AND QATAR. HE PLANS RETURN U.S. MAY 5. SALIBA HAS APPOINTMENTS APRIL 22 IN KUWAIT WITH SEVERAL FINANCIAL LEADERS SET UP BY KUWAIT EMBASSY IN WASHINGTON. HOWEVER, SALIBA SAID HE WANTS TO CALL ON AMB STOLTZFUS AS SOON AS HE ARRIVES TO PRESENT OUTLINE OF PROPOSED JOINT VENTURE AND OBTAIN AMBASSADOR'S ADVICE. SALIBA ALSO EXPRESSED INTEREST IN BUSINESS OUTLOOK IN EGYPT.

4. DAVIES GAVE SALIBA NAMES OF KEY U.S. OFFICIALS AT POSTS AND SUGGESTED THAT SALIBA CALL ON AMB GODLEY AND REGIONAL TRADE DEVELOPMENT CENTER IN BEIRUT. DAVIES COM-
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MENTED THAT EVEN BEFORE OCTOBER 1973 WAR, DEPT WAS THINKING OF MEANS TO ENCOURAGE ARAB INVESTMENT IN U.S. DEPT HAS JUST RECENTLY ANNOUNCED STATEMENT ON COOPERATION WITH SAUDI ARABIA IN FIELDS OF ECONOMICS, TECHNOLOGY, INDUSTRY AND SAUDI DEFENSE REQUIREMENTS. HOWEVER, DEPT FEELS GREATER EFFORT MUST BE MADE BY PRIVATE SECTOR. USG HAS NOW SET UP FRAMEWORK WITHIN WHICH PRIVATE FIRMS MAY WORK IN SAUDI ARABIA. SAUDIS HAVE PREFERRED GOVERNMENT TO

GOVERNMENT ACTION AND WANTED USG TO SUPERVISE AMERICAN DEVELOPMENT ACTIVITIES; E.G., U.S. ARMY CORPS OF ENGINEERS HAVE BEEN IN SAUDI ARABIA FOR SOME TIME. SAUDIS NOW HAVE DEVELOPED BUREAUCRATIC CADRE WITH SUFFICIENT EXPERTISE TO OVERSEE PROJECTS. DAVIES EXPLAINED EGYPTIAN DESIRE FOR BUSINESS WITH WEST, PARTICULARLY U.S., AND NOTED U.S. INTEREST IN SUMED AND FOURTH CAIRO POWER GENERATING PLANT, BUT POINTED OUT THAT EGYPTIANS WOULD REQUIRE FOREIGN INVESTMENT CAPITOL.

5. ACCORDING TO SALIBA KATY INDUSTRIES, INC., BOSTON, MASS., IS CONGLOMERATE HOLDING COMPANY WITH FIVE BASIC DIVISIONS: TRANSPORTATION MISSOURI-KANSAS-TEXAS (MKT) RAILROAD; OIL SERVICES (CONCESSIONS AND RESOURCES); CONSUMER PRODUCTS (SHRIMP FISHING IN SOUTH AMERICA);

INDUSTRIAL PRODUCTS; AND ELECTRONICS. SALIBA MENTIONED HE OWNS FOUR KUWAIT ROYALTY CERTIFICATES. SALIBA WAS BORN 1913 IN CANADA OF LEBANESE IMMIGRANT PARENTS, IS TRUSTEE OF WEST VIRGINIA WESLEYAN COLLEGE AND LISTED IN WHO'S WHO IN AMERICA. KISSINGER

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